

## 1 HOUSE BILL NO. 10

2 INTRODUCED BY WISEMAN

3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY FOR INFORMATION TECHNOLOGY CAPITAL PROJECTS FOR THE BIENNIUM  
6 ENDING JUNE 30, 2011; PROVIDING FOR MATTERS RELATING TO THE APPROPRIATIONS; PROVIDING FOR A TRANSFER OF FUNDS FROM  
7 THE GENERAL FUND TO THE LONG-RANGE INFORMATION TECHNOLOGY PROGRAM ACCOUNT; PROVIDING FOR THE DEVELOPMENT AND  
8 ACQUISITION OF NEW INFORMATION TECHNOLOGY SYSTEMS FOR THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES, THE  
9 DEPARTMENT OF ADMINISTRATION, THE DEPARTMENT OF REVENUE, AND THE DEPARTMENT OF LABOR AND INDUSTRY; AUTHORIZING  
10 THE ISSUANCE OF EMPLOYMENT SECURITY REVENUE BONDS; PLEDGING FUNDS IN THE EMPLOYMENT SECURITY ACCOUNT FOR THE  
11 REPAYMENT OF THE BONDS; PROVIDING TERMS AND CONDITIONS FOR THE BONDS; AUTHORIZING THE CREATION OF STATE DEBT;  
12 AMENDING SECTION 39-51-409, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

13

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15

16 NEW SECTION. **Section 1. Definitions.** For the purposes of [sections 1 through 4], the following definitions apply:

17 (1) "Chief information officer" has the meaning provided in 2-17-506.

18 (2) "Information technology" has the meaning provided in 2-17-506.

19 (3) "Information technology capital project" means a group of interrelated information technology activities that are planned and executed in a  
20 structured sequence to create a unique product or service.

21 (4) "LRITP" means the long-range information technology program account in the capital projects fund type.

1

2        **NEW SECTION. Section 2. Appropriations and authorizations.** (1) All business application systems funded under this section must have a  
 3 plan approved by the chief information officer for the design, definition, creation, storage, and security of the data associated with the application system.  
 4 The security aspects of the plan must address but are not limited to authentication and granting of system privileges, safeguards against unauthorized  
 5 access to or disclosure of sensitive information, and, consistent with state records retention policies, plans for the removal of sensitive data from the system  
 6 when it is no longer needed. It is the intent of this subsection that specific consideration be given to the potential sharing of data with other state agencies  
 7 in the design, definition, creation, storage, and security of the data.

8        (2) Funds may not be released for the project until the chief information officer and budget director approve the plans described in subsection (1).

9        (3) The following money is appropriated to the department of administration TO BE USED ONLY for the indicated information technology capital  
 10 projects:

11 Agency/Project	LRITP	State Special Revenue	Federal Special Revenue	Total
12				
13 <del>DEPARTMENT OF REVENUE</del>				
14 <del>Efficiency through Imaging</del>	<del>3,366,178</del>			<del>3,366,178</del>
15 <u>DEPARTMENT OF REVENUE</u>				
16 <u>EFFICIENCY THROUGH IMAGING</u>	<u>3,366,178</u>			<u>3,366,178</u>
17 DEPARTMENT OF LABOR AND INDUSTRY				
18 Building Standards		2,400,000		2,400,000
19 Licensing Standards		2,250,000		2,250,000
20 Unemployment Insurance Tax Modernization		16,735,567	3,000,000	19,735,567
21 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES				

1	Medicaid Management Information System Replacement	3,500,000	62,000,000	65,500,000
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2 SECRETARY OF STATE

3	<u>INFORMATION MANAGEMENT SYSTEM</u>	<u>1,500,000</u>		<u>1,500,000</u>
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4 (4) The projects for which funds are appropriated TO THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES in [section 3] and this section and  
 5 those projects authorized in section 14, Chapter 3, Special Laws of May 2007, ~~for the department of public health and human services~~ are authorized for  
 6 the transfer of appropriations and authority within THE LONG-RANGE INFORMATION TECHNOLOGY fund types TYPE and among DEPARTMENT OF PUBLIC HEALTH  
 7 AND HUMAN SERVICES projects. THE PROJECTS FOR WHICH FUNDS ARE APPROPRIATED TO THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES IN [SECTION  
 8 3] AND THIS SECTION AND THOSE PROJECTS AUTHORIZED IN SECTION 14, CHAPTER 3, SPECIAL LAWS OF MAY 2007, ARE AUTHORIZED FOR THE TRANSFER OF  
 9 APPROPRIATIONS AND AUTHORITY WITHIN THE FEDERAL SPECIAL REVENUE FUND TYPE AND AMONG DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES PROJECTS.  
 10 THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES SHALL REPORT CHANGES TO APPROPRIATIONS AND AUTHORITY RELATED TO THE INFORMATION  
 11 TECHNOLOGY PROJECTS IN SECTION 14, CHAPTER 3, SPECIAL LAWS OF MAY 2007, AND IN [SECTION 3] AND THIS SECTION TO THE INTERIM LEGISLATIVE FINANCE  
 12 COMMITTEE UPON OCCURRENCE.

13 (5) The department of labor and industry is authorized to transfer appropriations between federal and state special revenue funds for purposes  
 14 of funding the unemployment insurance tax modernization project. TO REDUCE STATE RISK, A VENDOR WHO SUCCESSFULLY BIDS ON THE UNEMPLOYMENT  
 15 INSURANCE TAX MODERNIZATION PROJECT MUST HAVE INSTALLED IN AT LEAST ONE OTHER STATE A SUBSTANTIALLY SIMILAR PROJECT, WHICH MUST BE IN PRODUCTION  
 16 AND MUST MEET ALL FEDERAL DEPARTMENT OF LABOR REPORTING REQUIREMENTS.

17 (6) FOR THE ITEM MEDICAID MANAGEMENT INFORMATION SYSTEM REPLACEMENT IN SUBSECTION (3), THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN  
 18 SERVICES SHALL PROVIDE A WORK PLAN WITH MILESTONES, GOALS, AND MEASURES TO GUIDE THE MEDICAID MANAGEMENT INFORMATION SYSTEM REPLACEMENT TO  
 19 THE LEGISLATIVE FINANCE COMMITTEE AT ITS JUNE 2009 MEETING. AT EACH LEGISLATIVE FINANCE COMMITTEE MEETING, THE DEPARTMENT SHALL PROVIDE AN  
 20 UPDATE ON ITS ACTIVITIES AND PROGRESS TOWARD ACHIEVING ELEMENTS OF THE WORK PLAN IN A FORMAT DEVELOPED IN CONJUNCTION WITH THE LEGISLATIVE  
 21 FINANCE COMMITTEE. TO REDUCE STATE RISK, A VENDOR WHO SUCCESSFULLY BIDS ON THE MEDICAID MANAGEMENT INFORMATION SYSTEM REPLACEMENT PROJECT

1 MUST HAVE INSTALLED IN AT LEAST ONE OTHER STATE A SUBSTANTIALLY SIMILAR PROJECT, WHICH MUST BE IN PRODUCTION AND MUST BE CERTIFIED BY THE CENTERS  
 2 FOR MEDICARE AND MEDICAID SERVICES.

3  
 4 **NEW SECTION. Section 3. Information technology appropriations.** (1) The following projects and funds are appropriated for the biennium  
 5 ending June 30, 2011, to the indicated agency TO BE USED ONLY FOR THE SPECIFIED PROJECTS:

6 Agency/Project	General Fund	Federal Special 7 Revenue	Total
8 DEPARTMENT OF ADMINISTRATION			
9 Interoperability Montana <u>EQUIPMENT</u>	2,000,000		2,000,000
10	<u>1,000,000</u>		<u>1,000,000</u>
11 Enterprise System Services Center Equipment	3,500,000		3,500,000
12 <del>DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES</del>			
13 <del>System for the Enforcement and Recovery of Child Support Planning</del>	<del>500,000</del>	<del>1,000,000</del>	<del>1,500,000</del>

14 (2) FOR THE ITEM IN SUBSECTION (1) FOR INTEROPERABILITY MONTANA EQUIPMENT, THE DEPARTMENT SHALL EXERCISE DUE DILIGENCE IN DETERMINING  
 15 THE APPROPRIATENESS, EFFECTIVENESS, AND RELIABILITY OF TECHNOLOGY AND EQUIPMENT, TAKING INTO CONSIDERATION INPUT AND ADVICE FROM SYSTEM USERS,  
 16 INCLUDING FIELD PERSONNEL AND A BROAD REPRESENTATION OF USE GROUPS. RECOMMENDATIONS FOR ACQUISITION OF TECHNOLOGY AND EQUIPMENT SHOULD  
 17 BE REPORTED TO THE INFORMATION TECHNOLOGY BOARD ESTABLISHED IN 2-15-1021.

18  
 19 **NEW SECTION. Section 4. Fund transfers.** (†) The following amounts are transferred from the general fund to the LRITP:

20 (a) \$3,433,089 for fiscal year 2010; and

21 (b) \$3,433,089 for fiscal year 2011.

1       ~~(2) The transferred funds must be used for the projects enumerated in [section 2]. In order to maintain an adequate ending general fund balance,~~  
2 ~~if at any time during the 2011 biennium, the office of budget and program planning projects a 2011 biennium unreserved general fund ending balance of~~  
3 ~~less than \$300 million, the office of budget and program planning may reduce or eliminate the transfers in subsection (1). The department of administration~~  
4 ~~shall transfer funds on a schedule approved by the office of budget and program planning that enables the state to meet management goals for cash flow~~  
5 ~~and fund balance.~~

6  
7       **NEW SECTION. Section 5. Bond authorization.** The board of examiners may issue and sell employment security revenue bonds of the state,  
8 in accordance with the provisions of [sections 5 through 12], in an aggregate principal amount not to exceed \$15 million for the unemployment insurance  
9 tax modernization project approved in [section 2] and to pay costs associated with the sale and issuance of the bonds, including funding a debt service  
10 reserve.

11  
12       **NEW SECTION. Section 6. Employment security revenue bond debt service account -- deposit of bond proceeds.** (1) There is an  
13 employment security revenue bond debt service account in the debt service fund type. The state treasurer shall transfer proceeds of employment security  
14 assessments deposited in the employment security account, established in 39-51-409, to the employment security revenue bond debt service account  
15 as required by the resolution authorizing the bonds or the trust indenture.

16       (2) The proceeds of the bonds, other than premiums and accrued interest received, must be deposited in an unemployment insurance tax  
17 modernization account to fund the unemployment insurance tax modernization project approved in [section 2].

18       (3) Premiums and accrued interest must be deposited in the employment security revenue bond debt service account. No more than the principal  
19 and interest on the bonds due in any year may be retained in the employment security revenue bond debt service account.

20       (4) Interest and investment earnings on the debt service account must be retained in the account.

1        **NEW SECTION. Section 7. State pledge of employment security assessments -- use of employment security account.** The employment  
2 security assessments imposed pursuant to 39-51-404 must be pledged to the payment of the principal, interest, and redemption premium, if any, of the  
3 employment security revenue bonds authorized in [section 5]. The pledge is and remains at all times a first lien and prior charge upon the pledged  
4 employment security assessments. Funds in the employment security account may be used for the payment of employment security revenue bonds to  
5 the extent that employment security assessments deposited in the employment security revenue bond debt service account is not sufficient for payment  
6 of the bonds.

7  
8        **NEW SECTION. Section 8. Continued assessment and collection -- deposit in employment security account.** The legislature shall provide  
9 for the continued assessment, collection, and deposit of the employment security assessments described in 39-51-404 in the amounts necessary to pay  
10 the principal of and premium and interest on the employment security revenue bonds as long as they are outstanding. The payment of principal, interest,  
11 and premium of the employment security revenue bonds is considered an administrative expense.

12  
13        **NEW SECTION. Section 9. Form -- principal and interest -- fiscal agent -- bonds authorized.** (1) The employment security revenue bonds  
14 may be issued by the board of examiners in one or more series, at public or private sale, in denominations and form, in fully registered form, with provisions  
15 for the conversion or exchange, bearing interest at a rate or rates or the method of determining the rate or rates, maturing at times, not more than 10 years  
16 from date of issue, subject to redemption at earlier times and prices and upon notice, and payable at the office of a fiscal agency of the state that the board  
17 shall determine, subject to the limitations contained in [sections 5 through 12]. Any action taken by the board of examiners under [sections 5 through 12]  
18 must be approved by at least a majority vote of its members.

19        (2) In all other respects, the board of examiners is authorized to prescribe the form and terms of the bonds and shall do whatever is lawful and  
20 necessary for their issuance and payment.

21        (3) Bonds and any interest coupons attached to the bonds must be signed by the members of the board of examiners, and the bonds must be

1 issued under the great seal of the state of Montana. The bonds and coupons may be executed with facsimile signatures and seal in the manner and subject  
2 to the limitations prescribed by law. The state treasurer shall keep a record of all bonds issued and sold.

3 (4) The board of examiners may employ a fiscal agent and a bond registrar and transfer agent to assist in the performance of its duties under  
4 [sections 5 through 12].

5 (5) In connection with the issuance and sale of bonds, the board of examiners may arrange for lines of credit or letters of credit with any bank,  
6 firm, or person for the purpose of providing an additional source of repayment for bonds issued pursuant to [sections 5 through 12]. Amounts drawn on  
7 the lines of credit may be evidenced by negotiable or nonnegotiable notes or other evidences of indebtedness, containing terms and conditions that the  
8 board of examiners may authorize in the resolution approving the bonds.

9 (6) Additional employment security revenue bonds, other than refunding bonds, may not be issued until the pledge in favor of the employment  
10 security revenue bonds is satisfied and discharged.

11  
12 **NEW SECTION. Section 10. Trust indenture.** (1) In the discretion of the board of examiners, bonds issued under [sections 5 through 12] may  
13 be secured by a trust indenture by and between the board and a trustee, which may be any trust company or bank having the powers of a trust company  
14 inside or outside of the state. In addition to provisions that the board of examiners determines to be necessary and appropriate to secure the bonds, provide  
15 for the rights of the bondholders, and ensure compliance with all applicable law, the trust indenture must contain provisions that:

16 (a) govern the custody, safeguarding, and disbursement of all money held by the trustee under the trust indenture; and

17 (b) permit representatives of the state treasurer, department of administration, or department of labor and industry, upon reasonable notice and  
18 at reasonable times, to inspect the trustee's books and records concerning the trust indenture.

19 (2) A trust indenture or an executed counterpart of a trust indenture developed pursuant to [sections 5 through 12] must be filed with the secretary  
20 of state. The filing of a trust indenture or an executed counterpart in the office of the secretary of state is constructive notice of its content to all persons  
21 from the time of filing, and the recording of the trust indenture or its content is not necessary.

1

2       **NEW SECTION. Section 11. Provisions for protecting bondholders.** The resolution of the board of examiners providing for the issuance of  
3 bonds or the trust indenture may contain provisions for protecting and enforcing the rights and remedies of the bondholders that are reasonable, proper,  
4 and not in violation of law, including covenants setting forth the duties of the state, the board, and the departments, boards, or agencies of state government  
5 in relation to the unemployment insurance tax modernization project financed with the proceeds of the bonds and the custody, safeguarding, and application  
6 of all money. The trust indenture may set forth the rights and remedies of the bondholders customary in trust indentures, deeds of trusts, and mortgages  
7 securing bonds or debentures of corporations. The enumeration of particular powers granted by this section does not impair any general grant of power  
8 contained in [sections 5 through 12].

9

10       **NEW SECTION. Section 12. Pledge of the state.** In accordance with the constitutions of the United States and the state of Montana, the state  
11 pledges that it will not in any way impair the obligations of any agreement between the state and the holders of notes and bonds issued by the state under  
12 [sections 5 through 12].

13

14       **Section 13.** Section 39-51-409, MCA, is amended to read:

15       **"39-51-409. Employment security account.** (1) There is an account in the state special revenue fund called the employment security account.

16       (2) Money deposited in the employment security account may be appropriated to the department for payment of:

17       (a) unemployment insurance benefits;

18       (b) expenses incurred in the administration of the unemployment insurance program;

19       (c) expenses incurred in collecting money deposited in the account;

20       (d) expenses incurred for the employment offices established in 39-51-307, including expenses for providing services to the business community;

21       (e) expenses incurred for the apprenticeship and training program;



1 (f) expenses for displaced homemaker programs provided for under 39-7-305;

2 (g) expenses for department research and analysis functions that provide employment, wage, and economic data; ~~and~~

3 (h) expenses for department functions pertaining to wage and hour laws, prevailing wages, and collective bargaining; and

4 (i) principal, interest, and redemption premium on employment security revenue bonds authorized in [section 5].

5 (3) ~~The~~ Except as provided in [sections 6 and 12], the department may transfer funds from the employment security account to the unemployment  
6 insurance fund account provided for in 39-51-402 upon receiving approval from the budget director that the transfer will not decrease the money in the  
7 account below the level appropriated by the legislature to provide for the employment services programs identified in subsection (2).

8 (4) The department may transfer appropriation authority in employment services programs between the federal special revenue and the state  
9 special revenue fund types."

10  
11 NEW SECTION. Section 14. Two-thirds vote required. Because [section 5] authorizes the creation of state debt, Article VIII, section 8, of the  
12 Montana constitution requires a vote of two-thirds of the members of each house of the legislature for passage.

13  
14 NEW SECTION. Section 15. Contingent voidness -- reduction of appropriation. If a vote of two-thirds of the members of each house of the  
15 legislature is not received, then [sections 5 through 13] are void and the state special revenue fund appropriation in [section 2] to the department of labor  
16 and industry for the unemployment insurance tax modernization project is reduced by \$14 million.

17  
18 NEW SECTION. Section 16. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect.  
19 If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid  
20 applications.

2 - END -